

BRYAN COUNTY PUBLIC FACILITIES AUTHORITY
A COMPONENT UNIT OF THE COUNTY OF BRYAN, OKLAHOMA
FINANCIAL STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2023

AUDITED BY
PATTEN & ODOM, CPAS, PLLC

**BRYAN COUNTY PUBLIC FACILITIES AUTHORITY
JUNE 30, 2023**

TABLE OF CONTENTS

	Page
Independent Auditor’s Report	1
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	3
Statement of Activities	4
Statement of Cash Flows –	5
Notes to the Financial Statements	6
REPORTS REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i>	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	10

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INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Bryan County Public Facilities Authority
Durant, Oklahoma

Opinions

We have audited the accompanying financial statements of the business-type activities of Bryan County Public Facilities Authority, a component unit of the County of Bryan, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

In our opinion, financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities, of the Bryan County Public Facilities Authority, component unit of Bryan County as of June 30, 2023, and the results of its' operations and cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Bryan County Public Authority, Durant, Oklahoma, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Conclude whether, in our judgement, there are conditions or events considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with the governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

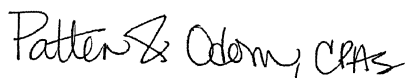
Other Matters

Required Supplementary Information

The Authority has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Patten & Odom, CPAs, PLLC
Broken Arrow, OK
March 26, 2024

BASIC FINANCIAL STATEMENTS

**BRYAN COUNTY PUBLIC FACILITIES AUTHORITY
 COMPONENT UNIT OF BRYAN COUNTY - OKLAHOMA
 STATEMENT OF NET POSITION
 JUNE 30, 2023**

ASSETS

Restricted cash and investments	\$	118,679
Notes receivable		550,000
Discount on bond issue		<u>6,620</u>
 Total Assets	 \$	 <u>675,299</u>

LIABILITIES

Accrued Interest payable	\$	3,117
Current bonds payable		170,000
Long-term bonds payable		<u>380,000</u>
		-
 Total Liabilities	 \$	 <u>553,117</u>

NET POSITION

Reserved for:	\$	
Debt service		<u>122,182</u>
 Total Net Position	 \$	 <u><u>122,182</u></u>

The notes to the financial statements are an integral part of this statement.

BRYAN COUNTY PUBLIC FACILITIES AUTHORITY
COMPONENT UNIT OF BRYAN COUNTY - OKLAHOMA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Operating Revenues

Lease revenue	\$	189,783
		189,783
Total operating revenues	\$	189,783

Operating expenses

Administrative fees	\$	1,530
		1,530
Total operating expenses	\$	1,530
		188,253
Income (Loss) from operations	\$	188,253

Non-Operating Revenues (Expenses)

Interest revenue	\$	2,408
Interest expense		(22,120)
Debt service		(165,000)
Bond discount amortization		(3,308)
Total non-operating revenues (expenses)	\$	(188,020)
		233
Changes in net position	\$	233
Net Position, Beginning of Year	\$	121,949
Net Position, End of Year	\$	122,182

The notes to the financial statements are an integral part of this statement.

**BRYAN COUNTY PUBLIC FACILITIES AUTHORITY
 COMPONENT UNIT OF BRYAN COUNTY - OKLAHOMA
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2023**

Cash Flows from Operating Activities:

Cash received from rent	\$	189,783
Cash payments for administrative fees		<u>(1,530)</u>
Net Cash Provided by (Used by) Operating Activities	\$	<u>188,253</u>

Cash Flows from Financing Activities

Principal paid on debt	\$	(165,000)
Interest paid on debt		<u>(21,175)</u>
Net Cash Used by Operating Activities	\$	<u>(186,175)</u>

Cash Flows from Investing Activities:

Interest received	\$	<u>2,409</u>
Net Cash Provided by Investing Activities	\$	<u>2,409</u>

Net Increase in Cash and Cash Equivalents	\$	4,487
Cash and Cash Equivalents, Beginning of Year		<u>114,192</u>
Cash and Cash Equivalents, end of year	\$	<u><u>118,679</u></u>

Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities

Operating Income/(Loss)	\$	188,253
Adjustments to reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities		<u>-</u>
Net Cash Provided by (Used by) Operating Activities	\$	<u><u>188,253</u></u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

**BRYAN COUNTY PUBLIC FACILITIES AUTHORITY
COMPONENT UNIT OF BRYAN COUNTY - OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. Organization

A. Creation of Trust

The Bryan County Public Facilities Authority (The Authority) is a public trust, created October 5, 1990, under Title 60 of the Oklahoma Statutes, Sections 176 to 180.3, to assist Bryan County in making the most efficient use of their resources and power in providing, expanding, improving and operating and maintaining buildings and facilities for public use or benefit of whatever nature.

2. Summary of Significant Accounting Policies

A. Component Unit

The Authority is a component unit of Bryan County, Oklahoma. A component unit includes a legal entity that is a separate governmental organization but has the same board of trustees as the primary government.

B. Basis of Presentation

The accounts of the Authority are organized on the basis of funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, revenues, and expenses.

Proprietary Funds

Proprietary funds are made up of either Enterprise or Internal Service funds. The Authority operates an Enterprise fund.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges.

C. Basis of Accounting

The financial statements of the Authority are prepared in accordance with generally accepted accounting principles ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

D. Measurement Focus

The accounts of the Authority are organized as a proprietary fund that is considered to be a separate accounting entity. The operations of the fund are summarized by provided a separate set of self-balancing accounts that include its assets, liabilities, net position, revenues and expenses. A proprietary fund is used to account for operations that are financed in a manner similar to private business enterprises. All assets and liabilities are included in the balance sheet.

E. Cash and Investments

The Authority considers all cash on hand, demand deposit accounts, interest bearing checking accounts and time deposit accounts including certificates of deposit and U.S. Treasury bills with maturities of three months or less to be cash and cash equivalents. The only cash and cash equivalents at June 30, 2023, was being held by the trustee or fiscal agent.

**BRYAN COUNTY PUBLIC FACILITIES AUTHORITY
COMPONENT UNIT OF BRYAN COUNTY - OKLAHOMA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Cash and Investments (Continued)

Investments consist primarily of obligations of the U.S. Treasury and various federal agencies, investment agreements with financial institutions and money market funds. These investments are held by bond trustees and invested in accordance with the requirements and terms of various bond indentures.

F. Notes Receivable

Notes Receivable consist of the balance of lease revenue due to the Authority under a lease agreement with the Board of County Commissioners of Bryan County, on behalf of the County Health Department.

G. Capital Assets

There was no property or equipment held by the Authority at June 30, 2023.

H. Depreciation

Capital assets are not depreciated by the Authority.

I. Income Taxes

With regards to federal income taxes, the Authority is nontaxable as a political subdivision under Section 115(1) of the Internal Revenue Code, as amended.

3. Restricted Cash

The bond indentures for the Health Department Revenue bonds provide that certain reserve accounts be established. The reserve accounts, as of June 30, 2023, are comprised of restricted net assets as follows:

Revenue Account	\$ <u>118,679</u>
Total Restricted Net Assets	\$ <u><u>118,679</u></u>

The bond indenture requires all lease payments received by the Authority from the Health Department be deposited in the trustee bank into a Revenue fund. The trustee is required to transfer one-sixth of the interest payable on the next ensuing interest payment and one-twelfth of the principal maturing on the next maturity date to a principal account and an interest account.

Interest earned on investments of the Revenue account is transferred monthly to the interest account.

The fiscal agent makes debt service payments on behalf of the Authority. Cash is transferred to the agent before the principal and interest payments are due. Amounts are in accordance with a mandatory redemption schedule set forth in the bond indenture.

**BRYAN COUNTY PUBLIC FACILITIES AUTHORITY
 COMPONENT UNIT OF BRYAN COUNTY - OKLAHOMA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023**

4. Deposits, Investments, and Collateral

Deposits and Investments – The Authority does not have a written investment policy.

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of bank failure, the Authority’s deposits may not be returned. The Authority does not have a written policy for custodial risk; however, Oklahoma state laws require collateral for all uninsured deposits of public funds in financial institutions. As of June 30, 2023, none of the Authority’s bank balances were exposed to custodial credit risk.

5. Long-Term Debt

Advanced Refunding Bonds

The Authority issued \$1,985,000 of Bryan County Public Facilities Authority Lease Revenue Refunding Bonds Series 2013, on June 1, 2013, with net proceeds of \$1,873,102 (after issuance costs of \$72,198 and original issue discount of \$39,700) to provide resources along with other existing funds to purchase US Treasury, state and Local Government Series securities. These securities were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$1,890,000 of Bryan County Public Facilities Authority Lease Revenue Bonds, Series 2003 (Defeased bonds) originally issued in the aggregate principal amount of \$2,575,000. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements. This advanced funding was undertaken to reduce total debt service payments over the remaining life of the refunded debt by \$304,207. During fiscal year 2015 the defeased bonds were paid off.

The 2013 Refunding Bonds have maturity dates as shown in the following schedule:

Year ending June 30,	<u>Principal</u>
2026	\$ 550,000
Total	\$ <u>550,000</u>

Mandatory Sinking Fund Redemption- The series 2013, Bryan County Public Facilities Authority Revenue bonds are subject to mandatory redemption in each of the years below described in the principal amounts as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 170,000	\$ 18,700	\$ 188,700
2025	185,000	12,920	197,920
2026	<u>195,000</u>	<u>6,630</u>	<u>201,630</u>
Total	\$ <u>550,000</u>	\$ <u>38,250</u>	\$ <u>588,250</u>

**BRYAN COUNTY PUBLIC FACILITIES AUTHORITY
 COMPONENT UNIT OF BRYAN COUNTY - OKLAHOMA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2023**

Long-Term Debt (continued)

A brief summary of debt outstanding on June 30, 2023, follows:

		<u>Debt Outstanding</u>
Bryan Co. Public Facilities Auth., Revenue Bonds, Series 2013, original issue \$1,985,000, average interest rate of 2.27%, Installments due in 2023, and 2026 of \$325,000 and \$550,000 respectively.	\$	875,000
Less on deposit with fiscal agent:		<u>325,000</u>
Total Bonds Outstanding June 30, 2023	\$	<u><u>550,000</u></u>

The following schedule reflects changes in the Authority's long-term debt for the fiscal year ended June 30, 2023:

		<u>Lease Revenue Bonds Payable</u>
Balance, July 1, 2022	\$	715,000
Additions		-
Retirements		<u>165,000</u>
Balance, June 30, 2023	\$	<u><u>550,000</u></u>

6. Lease Agreement / Lease Revenue

In June 2013, the Authority entered into a lease agreement with the Board of County Commissioners of Bryan County on behalf of the County Health Department to provide funds to refund the outstanding \$2,575,000 Bryan County Public Facilities Lease Revenue Bonds (County Health Department Project) Series 2003 which were previously issued to finance certain renovations to facilities to be leased to the Bryan County Health Department. Lease payments in the amount per month to fully amortize the debt are made by the County to the Authority for use of the facility by the Health Department. The monthly lease payment is deposited into the Revenue Fund for the payment of the Bonds upon receipt. The lease revenue is expected to end in November 2025.

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Board of Trustees
Bryan County Public Facilities Authority
Durant, Oklahoma

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities, of the Bryan County Public Facilities Authority, Durant Oklahoma, a component unit of Bryan County, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued by report there on dated, March 26, 2024. Bryan County Public Facilities Authority, a component unit of Bryan County, Oklahoma did not present the Management Discussion and Analysis required by the Governmental Accounting Standards Board.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bryan County Public Facilities Authority, a component of Bryan County, Oklahoma's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the effectiveness of Bryan County Public Facilities Authority, a component unit of Bryan County, Oklahoma's internal control. Accordingly, we do not express an opinion on the effectiveness of Bryan County Public Facilities Authority, a component unit of Bryan County, Oklahoma's internal controls.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bryan County Facilities Authority, a component unit of Bryan County, Oklahoma's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Patten & Odom CPAs

Patten & Odom, CPAs, PLLC

Broken Arrow, OK

March 26, 2024